

ANALYSIS OF THE
PUBLIC PURPOSE AND BENEFITS
OF THE PULSE PROJECT

City of Las Vegas
Office of Business Development
Las Vegas Redevelopment Agency
June, 2007



PULSE - LAS VEGAS

PUBLIC PURPOSE/PUBLIC BENEFIT ANALYSIS

Project “Pulse” involves the redevelopment of approximately 85 acres (inclusive of private property and public rights-of-way) in the City of Las Vegas (the “Project”). The Project site is bounded by West Charleston Boulevard to the north, Wyoming Avenue to the south, South Main Street to the east, and the Union Pacific Railroad Rail Line to the west. The Project Developer is Real Estate Interests Group, Inc. (REI) of Bloomfield Hills, Michigan. The Las Vegas Planning Commission approved land use applications for the Project on May 24, 2007, and the scheduled Las Vegas City Council hearing is June 20, 2007.

The Project involves several phases of development to be built as follows:

The Initial Phase involves Site Acquisition
Demolition
Environmental Remediation
On-Site and Off-Site Utility Extensions and Expansions
Acquisition of public rights-of-way
and Landscape Improvements.

Subsequent phases can include the following elements:

- On- and Off-Site Transportation Improvements
 - Deck Parking
 - Franchise Utility Improvements
 - 6,000 Hotel rooms
 - 300,00 SF Gaming
 - 150,000 SF Retail
 - 350,000 SF Meeting Conference Space
 - 3,100 Residentail / Condo-hotel Units
 - 3.5 Million SF Sports Mart / Exhibition Space / Office
 - 22,000 Seat Arena

The City of Las Vegas, through the consultant CSL International, issued a Request for Proposal entitled “Development of a State of the Art Event Center for the City of Las Vegas” (Event Center RFP). The Event Center RFP requires respondents to submit proposals no later than June 30, 2007, after which the City of Las Vegas will review and select a proposal. The Developer has submitted a letter of intent to the Request for Proposal indicating its intent to propose an events center as part of the Project.

The Developer has asked the Agency to consider providing tax increment financing incentives which would outline (1) a base level of incentive should the Developer build the project without the Events Center, and (2) a higher level of incentive should the Developer be selected as the successful respondent through the Events Center RFP process.

The Agency is proposing in the Owner Participation Agreement to offer a rebate of (1) 41% of Available Accrued Real Property Taxes collected by the Agency based on the Scope of the Project if the Developer is not selected as the successful respondent to the Events Center RFP; and (2) an additional 24% (or 65% in the aggregate) of Available Accrued Real Property Taxes collected by the Agency if the Developer is selected by the City as the successful respondent

The consideration of the benefits contemplated by OPA shall in no way, whether express or implied, be deemed to give preference to the Developer for the Events Center. The City of Las Vegas will select a respondent to the Events Center RFP solely based on the selection criteria identified in the Events Center RFP.

In order to evaluate the public purpose and benefits of the proposed project, the Agency is following the guidelines established in the Community Redevelopment Law. Pursuant to NRS 279.486, in order for the Project to participate in TIF, the Agency must determine (a) The buildings, facilities, structures or other improvements are of benefit to the redevelopment area or the immediate neighborhood in which the redevelopment area is located; and (b) no other reasonable means of financing those buildings, facilities, structures or other improvements are available. The Agency has determined that the Project satisfies both of these tests. In reaching this determination, the Agency is making the following findings which are supported by the following supporting documentation:

**SUMMARY OF REQUIRED FINDINGS
PER NRS CHAPTER 279.486(a)**

	NRS Subsection	Finding	Supporting Documentation
1.	279.486(2)(a)(1)	Encourage the creation of new business or other appropriate development	Economic & Fiscal Impact Analysis
2.	279.486(2)(a)(2)	Create jobs or other business opportunities for nearby residents	Economic & Fiscal Impact Analysis, "Analysis of a Las Vegas Events Center", Final Report
3.	279.486(2)(a)(3)	Increase local revenues from desirable sources	Economic & Fiscal Impact Analysis
4.	279.486(2)(a)(4)	Increase levels of human activity in the redevelopment area or the immediate neighborhood in which the redevelopment area is located	Parking Analysis/Traffic Impact Study
5.	279.486(2)(a)(5)	Possess attributes that are unique, either as to type of use or level of quality and design	"Analysis of a Las Vegas Events Center", Final Report
6.	279.486(2)(a)(6)	Require for their construction, installation or operation the use of qualified and trained labor	Employment Plan

	NRS Subsection	Finding	Supporting Documentation
7.	279.486(2)(a)(7)	Demonstrate greater social or financial benefits to the community than would a similar set of buildings, facilities, structures or other improvements not paid for by the agency	“Analysis of a Las Vegas Events Center”, Final Report; Arts District Benefits Plan
8.	279.486(b)	The opinions of persons who reside in the redevelopment area or the immediate neighborhood in which the redevelopment area is located	Public comment at Las Vegas Planning Commission, May 24, 2007, Item No. 17 through Item No. 24, inclusive
9.	279.486(c)	Comparisons between the level of spending proposed by the agency and projections, made on a pro forma basis by the agency, of future revenues attributable to the buildings, facilities, structures or other improvements	Tax Increment Revenue Analysis; “Analysis of a Las Vegas Events Center”, Final Report
10.	279.486(a)(2)	No other reasonable means of financing those buildings, facilities, structures or other improvements are available	“Analysis of a Las Vegas Events Center”, Final Report

Finding 1: The Project encourages the creation of new business or other appropriate development.

Finding 2: The Project creates jobs or other business opportunities for nearby residents.

Finding 3: The Project Increase local revenues from desirable sources.

Finding 4: The Project Increase levels of human activity in the redevelopment area or the immediate neighborhood in which the redevelopment area is located.

Finding 5: The Project possesses attributes that are unique, either as to type of use or level of quality and design.

The attributes of the project are truly unique. The proposed Arena does not currently exist in the City of Las Vegas, and will provide a conference and events center that is currently lacking in the Downtown Area. The Arena also will help the City of Las Vegas in its efforts to attract a professional sports team to the City. The Arena will provide a permanent venue for an NBA and/or NHL home team. The proposed mixed uses would compliment the Arena, and would create a synergistic “live-work-play” development of a magnitude that is not currently found in the City of Las Vegas.

Finding 6: The Project require for its construction, installation and operation the use of qualified and trained labor.

Applied Analysis' Economic & Fiscal Impact Analysis for the Project determined that the Project's development and construction phase (if fully constructed) would yield 50,100 person-years of employment, disbursing more than \$2.1 Billion in wages to Clark County workers. The Analysis also found that the proposed Gaming Enterprise District (GED) Area would require 34,500 person-years of employment representing 69% or \$1.5 Billion of the wages generated.

For permanent employment, the Economic & Fiscal Impact Analysis found that the Project will employ 17,400 people who will earn approximately \$783 million in wage and salary payments each year. Of that amount, approximately 8,300 employees will earn \$341 million annually within the GED Area.

The Economic & Fiscal Impact Analysis concluded that the direct, indirect, and induced labor would yield 21,900 employees earning \$1.0 Billion annually. Of that amount, the GED Area would capture 10,600 employees earning \$476 million annually.

Staff reviewed the Economic & Fiscal Impact Analysis performed by Applied Analysis and found the findings reasonable, given the assumptions stated in the Analysis.

The Developer has prepared an Employment Plan to ensure the use of qualified labor during the construction of the Project. The Employment Plan is attached as Exhibit C to the Owner Participation Agreement.

Finding 7: The Project demonstrate greater social and financial benefits to the community than would a similar set of buildings, facilities, structures or other improvements not paid for by the Agency.

The Developer has met with the Las Vegas Arts District Board as well as with Agency staff to identify ways to participate in public improvement projects within that district. The proposed components of the program include the following:

- 2% set aside of Available Accrued Taxes to be applied toward public improvements within the Arts District;
- 18% Affordable housing set aside to be applied toward proposed projects, with preference to projects located within the Arts District;
- Potential Capital Improvement Projects to be identified within the Arts District; and
- REI to participate in future Business Improvement Districts or Special Assessment Districts within the Arts District;

Finding 8: The Project has taken into consideration the opinions of persons who reside in the redevelopment area or the immediate neighborhood in which the redevelopment area is located.

The Developer has met several times with businesses within the immediate area. In addition, the public and interested residents had the opportunity to comment at the May 24 Planning Commission hearing.

Finding 9: The Project would result in the Agency receiving a substantially higher level of future net revenues attributable to the buildings, facilities, structures or other improvements.

This is shown in great detail in the spreadsheet analysis, which is attached to this report as an appendix.

Finding 10: No other reasonable means of financing are available, because the Project with the events center has negative annual cash flow (debt service exceeds net operating income).

This final finding is supported by the Analysis of a Las Vegas Events Center, Final Report. The Final Report determined the following:

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As explained above, an Events Center with a projected construction cost of \$404,700,000 has annual debt service in excess of \$29M against operational income of \$18M - \$20M, which leaves a annual funding gap of approximately \$10.9M without a NBA franchise, and an even larger annual gap of \$26.7M with a NBA franchise. This Final Report is a public document available at <http://lveventscenter.com>.